

## Credit Opinion

31 December 2025

Ratings	
Category	Corporate
Domicile	China
Rating Type	Solicited Rating
Long-Term	BBB <sub>g</sub>
Credit Rating	
Outlook	Stable

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# Chengdu Medical City Urban Construction Development Co., Ltd.

## Surveillance credit rating report

CCXAP affirms Chengdu Medical City Urban Construction Development Co., Ltd.'s long-term credit rating at BBB<sub>g</sub>, with stable outlook.

### Summary

The BBB<sub>g</sub> long-term credit rating of Chengdu Medical City Urban Construction Development Co., Ltd. ("CMCC" or the "Company") is underpinned by the Company's (1) status as the key industrial investment entity in Chengdu Medical City; and (2) regional exclusivity in industrial park development business, with sufficient project reserves.

However, the rating is constrained by the Company's (1) fluctuating revenue and moderate profitability; (2) weak asset liquidity; and (3) weak credit profile with certain short-term repayment pressure.

The rating also reflects a high likelihood of receiving support from the Wenjiang District Government and its parent company when necessary, which is based on the Company's (1) status as the key subsidiary of Chengdu Jiulian Investment Group Co., Ltd. ("Jiulian Investment"), which is ultimately controlled by the Wenjiang District Government; (2) strategic importance as the key industrial park developer in Chengdu Medical City; and (3) solid track record of receiving support from the local government including government subsidies, debt replacement and equity transfers.

The stable outlook on CMCC's rating reflects our expectation that the Company will continue to receive solid support from the Wenjiang District Government and its parent company. We also expect the Company to maintain its strategic role as the important industrial development platform in Chengdu Medical City over the next 12 to 18 months.

## Rating Drivers

- Key industrial investment entity in Chengdu Medical City
- Regional exclusivity in industrial park development business, with sufficient project reserves
- Supplementary income from infrastructure construction and commercial housing development
- Fluctuating revenue and moderate profitability
- Weak credit profile with certain short-term repayment pressure
- Weak asset liquidity
- High reliance on bank loans

## Rating Sensitivities

### What could upgrade the rating?

The rating could be upgraded if (1) the local government and parent company's capacity or willingness to provide support strengthens; and (2) the Company's stand-alone credit profile improves significantly, such as stronger market position and improvement in profitability.

### What could downgrade the rating?

The rating could be downgraded if (1) the credit quality of local government and parent company deteriorates or the likelihood of support is expected to be weakened; or (2) the Company's standalone credit quality worsens significantly, including a material drop in credit metrics and poor debt management.

## Key Indicators

	2022FY	2023FY	2024FY	2025Q3
Total Assets (RMB million)	60,000.0*	44,920.4	48,865.4	52,342.2
Total Equity (RMB million)	33,669.0	19,813.6	23,448.9	23,327.5
Total Revenue (RMB million)	1,896.4	1,129.8	1,247.2	944.6
Net Profits (RMB million)	202.3	50.2	136.0	59.4
EBIT Margin (%)	15.7	11.6	13.9	-
Return on Assets (%)	0.5	0.3	0.4	-
Total Debt/Total Capital (%)	20.8	35.1	39.0	42.9
Total Debt/EBITDA (x)	18.9	41.5	45.2	-
EBITDA/Interest (x)	0.9	0.5	0.5	-
FFO/Total Debt (%)	-2.0	-2.4	-2.2	-

All ratios and figures are calculated using CCXAP's adjustments. The data marked with "\*" is restated. Indicators marked with "-" are not applicable or not comparable.

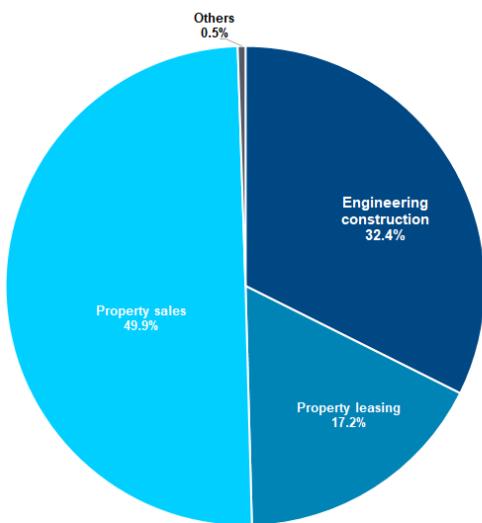
Source: Company data, CCXAP research

## Corporate Profile

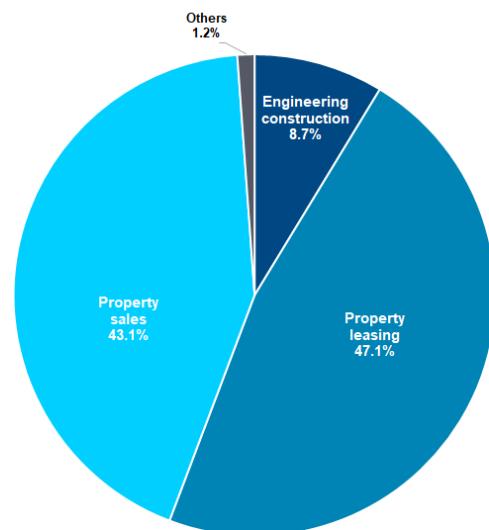
Founded in 2018, CMCC was set up by its parent Jiulian Investment, a major local infrastructure investment and financing company ("LIIFC") in charge of urbanization projects in the southern part of Wenjiang District of Chengdu City. As the largest and most important subsidiary of Jiulian Investment, the Company serves as the core industrial platform in Wenjiang District. It is primarily engaged in industrial investment and operation services within the Chengdu Medical City, with core functions of development and construction in the area. As of 30 September 2025, Jiulian Investment is the sole shareholder of the Company, and Wenjiang District State-

owned Assets Supervision and Administration Bureau ("Wenjiang SASAB") is the ultimate controller of the Company.

**Exhibit 1. Revenue structure in 2024**

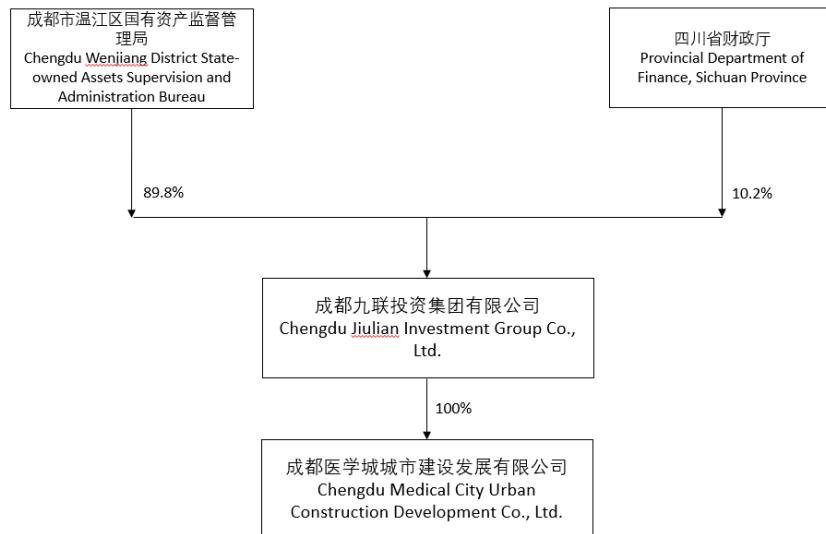


**Exhibit 2. Gross profit structure in 2024**



Source: Company information, CCXAP research

**Exhibit 3. Shareholding chart as of 30 September 2025**



Source: Company information, CCXAP research

## Rating Considerations

### Business Profile

#### Key industrial investment entity in Chengdu Medical City

CMCC is the largest and most important subsidiary of Jiulian Investment, and a key industrial investment and operation entity in Wenjiang District. It primarily undertakes industrial investment and operation services within

the Chengdu Medical City area, and is mainly responsible for development, construction, and industrial operation services within the Chengdu Medical City, which are beneficial to promoting the development of the local economy and industry. Notably, Chengdu Medical City serves as the primary development zone for Chengdu's biomedical industry, focusing on innovative pharmaceuticals, high-end medical devices, health foods, and intelligent manufacturing. In the 2024 National biomedical industrial park comprehensive competitiveness ranking, Chengdu Medical City was ranked 20<sup>th</sup> in overall competitiveness.

### **Regional exclusivity in industrial park development business, with sufficient project reserves**

The Company develops Chengdu Medical City using a self-built and self-operated model, with regional exclusivity and sufficient project reserves. Leveraging on its regional exclusivity and the area's ongoing development, the Company is expected to expand its operational asset scale, which may enhance future cash flow and profitability. However, this business exerts large capital expenditure pressure, with prolonged investment payback period, causing uncertainty on future fund balance.

The Company had 6 industrial park projects available for lease as of 30 September 2025, with total leasable assets of approximately 674,900 square meters. These projects are funded through the Company's own capital and bank loans. Funding balance will be achieved through operational revenue from leasing and sales, primarily targeting enterprises aligned with Chengdu Medical City's industrial orientation. Most projects achieved occupancy rates exceeding 60%. From 2022 to 2025Q3, the Company's rental business generated a cumulative income of RMB737.0 million, demonstrating consistent growth while maintaining high gross margins and providing stable income.

The Company's property sales include sales of park factory and talent housing. As of 30 September 2025, it had 3 completed industrial park projects and offered 252,400 square meters of salable space, of which 163,000 square meters had been sold. In 2023 and 2024, the industrial park sales revenue amounted to RMB477.0 million. For talent housing, the Kangde Xinyuan project is operated under a price-restricted sales model, supporting local investment attraction. Talent housing sales generated revenue totaled RMB507.0 million in 2023 and 2024. The property leasing and sales segments represent approximately 50.8% of total revenue, constituting the Company's primary revenue source in 2024. As of 30 September 2025, the Company had 12 self-operated projects under construction, with a total planned investment of RMB14.1 billion and a remaining investment amount of RMB5.8 billion, indicating large capital pressure.

### **Supplementary income from infrastructure construction and commercial housing development**

As the largest subsidiary of Jiulian Investment, the Company is also the most important development and construction entity of Chengdu Medical City. Its infrastructure business primarily involves the construction of infrastructure, and shantytown renovation projects within Chengdu Medical City, along with certain transportation hubs, municipal roads, and related works across Wenjiang District. However, the sustainability of this business faces uncertainties following the transfer of Haike Investment Co., Ltd., a key subsidiary responsible for infrastructure construction, out of the Company in 2023. Revenue from this business has shown fluctuations in recent years. As of 30 September 2025, the Company had 5 projects under construction with total planned investment of RMB404.0 million and uninvested amount of RMB207.0 million. The scale of ongoing projects is relatively small, and there are no planned future projects, which implies limited pressure for capital expenditure. Moreover, as the Company strategically shifts its focus from infrastructure construction to industrial development and operation, its annual investment in agency construction continues to decline.

The Company's commercial housing development business follows a self-development model with primarily self-raised initial funding, generating revenue from property and parking space sales after completion. As of 30 September 2025, it had 3 key projects with total planned investment of RMB3.1 billion, and uninvested amount of RMB850.0 million. The overall sales rate is relatively low, approximately 52.5% at end-2025Q3. In 2024, this segment contributed RMB203.0 million in revenue, supplementing the Company's operating revenue. However, this business is exposed to risks arising from government macro-control and changes in industry regulations.

## Financial Profile

### Fluctuating revenue and moderate profitability

The Company's operating revenue has shown a fluctuating and generally declining trend. Its revenue decreased from RMB19.0 billion in 2022 to RMB11.3 billion in 2023, primarily due to the deconsolidation of Haire Investment Co., Ltd., while revenue recovered slightly to RMB12.5 billion in 2024. The volatility reflects revenue sensitivity to business structure adjustments and market conditions. Besides, the increasing period expenses and declined government subsidies contributed to the overall downward trend in total profit, which fell from RMB2.9 billion in 2022 to RMB1.6 billion in 2024.

The Company's profitability remains moderate. Its gross profit margin improved notably from 15.5% in 2022 to 32.0% in 2023, largely due to the exit of low-margin construction business. However, the gross margin has declined to 28.6% in 2024 and further to 24.8% in 2025Q3. Meanwhile, the EBIT margin fluctuated from 16.9% in 2022 down to 10.0% in 2023, then recovered to 14.1% in 2024. Furthermore, the Company's ongoing and planned projects are still in the investment phase, and the future returns are subject to certain uncertainties affected by market conditions.

### Weak credit profile with certain short-term repayment pressure

With the project construction progressing, CMCC's total debt increased from RMB10.7 billion at the end of 2023 to RMB17.5 billion as of 30 September 2025, while its total capitalization ratio rose from 35.1% to 42.9% over the same period. The debt and interest coverage ability is also weak, with total debt/EBITDA of 45.2 and EBITDA interest coverage ratio of 0.5 in 2024. In addition, the Company has certain short-term repayment pressure, with the ratio of short-term debt to total debt of 26.2% and the ratio of unrestricted cash to short-term debt of 0.6 as of 30 September 2025. Given the ongoing capital expenditure pressure from its self-operated projects, we expect the Company's debt level to continue increasing over the next 12 to 18 months.

### Weak asset liquidity

CMCC's asset liquidity is weak, which may undermine its financial flexibility. As of 30 September 2025, the Company's total asset consisted mainly of inventories, receivables and investment property, accounting for 83.9% of its total asset. Among them, inventories are mainly land and construction costs, while receivables are mainly unreceived payments from other state-owned companies, both of which are low liquidity. However, the investment property can generate a certain revenue for the Company. Besides, as of 30 September 2025, the Company's total restricted assets (mainly pledged land use rights and receivables) were RMB9.9 billion, representing 18.8% of total assets.

### High reliance on bank loans

The Company has limited access to financing and requires efforts to diversify its funding sources. Around 88.6% of the Company's debt financing was provided by domestic banks as of 30 September 2025. It has certain standby liquidity, with total credit facilities of RMB17.5 billion from domestic banks, and an available amount of

RMB4.5 billion. Currently, the Company does not have exposure to bond financing. Besides, the exposure to non-standard financing is low, accounting for around 10.0% of its total debt, mainly financial leasing. Given the Company's limited available credit facilities amount and large outstanding investment amount on its construction projects, we consider the Company will continue to broaden its financing channels, such as increasing its credit facilities from banks.

## External Support

### High likelihood of support from the Wenjiang District Government

We anticipate the Company has a high likelihood of receiving support from the Wenjiang District Government and its parent company when necessary, which is based on the Company's (1) status as the key subsidiary of Chengdu Jiulian Investment Group Co., Ltd. ("Jiulian Investment"), which is ultimately controlled by the Wenjiang District Government; (2) strategic importance as the key industrial park developer in Chengdu Medical City; and (3) solid track record of receiving support from the local government including government subsidies, debt replacement and equity transfers.

We believe that the Wenjiang District Government has strong capacity to provide support, given its continuous growth in economic and fiscal strength in recent years. In 2024, the GRP of Wenjiang District increased by 4.1% year-on-year to RMB77.1 billion; its general budgetary revenue was recorded as RMB5.9 billion. Wenjiang District has been recognized as a national ecological system construction demonstration zone and a model city of green development in China. The Company's main business aligns with the long-term development plans of the local government and contributes to the advancement of Wenjiang's competitive healthcare industry. Moreover, Wenjiang District Government maintains strong financial resources and coordination capabilities through its major shareholder, Jiulian Investment, which serves as a key infrastructure construction, park development, and state-owned asset operation entity in Wenjiang District.

Ultimately owned and controlled by the Wenjiang SASAB, the Company is the largest and most important subsidiary of Jiulian Investment, acting as the primary industrial investment and operation platform for strategic transformation. Wenjiang District Government maintains a high degree of control over the Company's operations through Jiulian Investment, including business strategy formulation and appointment of board directors and key management personnel. The Company's equity structure, governance, and business operations are highly aligned with its shareholder, reflecting strong support intention.

Given its important strategic position in Chengdu Medical City's development and operation, the Company has a good track record of receiving ongoing government support in the form of subsidies, debt replacement and equity transfers. The shareholder and Wenjiang District Government have consistently provided strong external support through financial injections and government subsidies, enhancing the Company's capital strength and operational capacity. Over the past years, the Company has regularly received government subsidies, supporting its operations and project construction. In addition, Julian investment also has transferred the equity interests of its major subsidiaries to the Company, enhancing its capital strength and broadening its business mix.

## ESG Considerations

The Company is subject to environmental laws and regulations governing air pollution, noise emissions, hazardous substances, water and waste discharge and other environmental matters issued by the national governmental authorities. CMCC assumes environmental risks for its construction projects. Such risks could be

mitigated by conducting environmental studies and detailed planning prior to the commencement of projects and close supervision during construction.

CMCC is also exposed to social risks as an industrial investment entity in Chengdu Medical City. Demographic changes, public awareness and social priorities shape the government's development strategy, and it will affect the government's propensity to support the Company. In recent years, the Company has not experienced any major negative social events or major safety accidents, and it has a relatively sound employee incentive mechanism.

The Company's governance considerations are also material as it is subject to oversight and reporting requirements to the local government, reflecting its status as a government-owned entity. We believe that it is in compliance in all material respects with the applicable governmental regulations, rules and executive orders in each jurisdiction in which it operates. The Company maintains regular communication with local governments and regulatory authorities through its management team or representatives, ensuring compliance with the requirements and conditions for obtaining and maintaining the licenses, concessions, permits, or certificates.

## **Rating Methodology**

The methodology used in this rating is the [Rating Methodology for General Corporate \(April 2019\)](#).

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